

ACCEPTING PROPOSALS
Pine Hills Armory
Pine Hills Trust Land, Miles City, Montana
Section 26, T8N, R47E

PERIOD OF LEASE

Minimum term25 years
Maximum term99 years

19 April 2006

Deadline to Submit Proposal: 12 May 2006

Proposals Must Be Delivered To:

Department of Natural Resources and Conservation
Southern Land Office
Attn: Jeff Bollman, AICP
1371 Rimtop Drive
Billings, MT 59105

For information concerning the Request for Proposals (RFP) process, required format
and the schedule of activities, please direct your questions to:

Jeff Bollman, AICP, Land Use Planner
DNRC Southern Land Office
1371 Rimtop Drive
Billings, MT 59105
jbollman@mt.gov
406.247.4404

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KEY DATES

Important dates including proposal deadlines are shown below. Formal addenda to this Request for Proposals (RFP) will be issued to the proposers notifying of any change to these dates.

<u>Activity</u>	<u>Date</u>
Release of Proposal	19 April 2006
Deadline for Questions	3 May 2006
Distributions of RFP Amendments	8 May 2006
Deadline to Submit Proposal	12 May 2006

PROPOSAL SUBMISSION CONTENTS (Mandatory Elements)

1. Transmittal Letter, bid deposit, application fee.
2. Statement of intent and need.
3. Statement of qualifications, training, experience, and education.
4. Financial ability.
5. Construction and operation.
6. Compensation paid to the State.
7. Conflicts of interest.

Exhibits

- A Vicinity Map
- B Conceptual Lot Layout
- C RFP Scoring Criteria
- D Sample Lease Template

CHAPTER 1 - BACKGROUND

1.1 Introduction

The Montana Department of Natural Resources and Conservation (DNRC) is the land management agency for Trust lands in Montana. The purpose of this RFP is to solicit proposals for the leasing of 15-20 acres of Pine Hills School Trust land in Custer County, Montana. Use of the property is expected to be an Armory. It is the intention of this RFP to identify and select a lessee for the parcel.

1.2 Tract Legal Description

The property offered for competitive lease is one of two (2) 15-20 acre lots that will be created by DNRC in the N½NW¼SW¼ of Section 26, T8N, R47E, Custer County, Montana. The final legal description of the property to be leased will be created with filing of a final plat. DNRC will create 2 lots through a minor subdivision on which the Armory use could be located. At the conclusion of the RFP process DNRC will notify the successful proposer which lot DNRC would prefer the Armory use to be located upon.

1.3 Location and Physical Description of Property

The property is located on the east side of Haynes Avenue, immediately to the south of a mini-storage warehousing building. Other adjoining uses include grazing and residential uses. The property is currently zoned Agricultural and DNRC will submit a Zone Change to the Miles City City Council requesting that the property be rezoned to a zoning district that permits the Armory use. Access to the property would be from Haynes Avenue or from a new public street that would be constructed to the east into the property. A vicinity map and conceptual lot layout are attached as Exhibits A and B, respectively.

1.4 Inspection

An on-site inspection of the property is recommended. Site visits can be arranged with Rick Strohmyer, Area Manager, Eastern Land Office at 406.232.2034.

CHAPTER 2 - PROPOSAL FORMAT

This RFP contains the instructions governing the proposals to be submitted and a description of the mandatory requirements. To be eligible for consideration, an offeror must meet the intent of all mandatory requirements. Responses that do not meet the full intent of all requirements listed in this RFP may be subject to point reductions during the evaluation process or may be deemed non-responsive.

2.1 Transmittal Letter, Bid Deposit, Application Fee

Any request for information by the DNRC to the proposer is solely for the purpose of selecting a proposal and understanding its terms. Such a request shall not be considered to constitute a binding agreement or commitment by the DNRC in any manner. Criteria for ranking and selecting a proposal are presented in this Section and in Exhibit B.

Each proposal shall include a letter of transmittal which:

1. List the complete name and address of the proposer or proposers;
2. List the name, address, business telephone number, and electronic mail address of an authorized representative who can be contacted by DNRC concerning the proposal;
3. Includes a statement that DNRC has the option to accept the proposal within 90 days of completion of the MEPA process;
4. Includes the notarized signature of the individual authorized to bind the proposer. If the applicant is a corporation, the application must include a copy of the corporate resolution authorizing the officer or agent to bind the corporation. Applications signed by an attorney-in-fact must include a copy of their power of attorney to bind the principal. If the applicant is a governmental agency, the signature must be that of a person (or persons) legally authorized to execute documents on behalf of the governing body. Proof of authority to bind the governing body shall be included;
5. A non-refundable \$50.00 lease application fee; and
6. A bid deposit in the amount of 10% of your full anticipated annual lease value in the form of a cashiers check or money order. If the successful proposer refuses award of the lease, the bid deposit shall be forfeited. All other bid deposits will be returned.

This transmittal letter will be considered your application for lease through this RFP process.

2.2 Statement of Intent and Need

The proposer must set forth the following information in the application:

1. Evidence that the lease proposal is an economically viable prospect;
2. Description of how the lease proposal will financially benefit and enhance the Pine Hills school trust; and

3. Perceived benefit to local community.

2.3 Statement of Qualifications, Training, Experience, and Education

DNRC is interested in leasing the property to a firm who is capable of leasing and developing a quality and successful project. Each responder to this RFP must present a qualification statement based on each of the topic headings outlined below. All statements must be in a self-contained written response, without reference to outside documents or other information sources such as web sites, personal references, brochures, etc.

Statement of Company: This should provide a general description of the company, including years in business, development philosophies, services provided, and development expertise.

Key Personnel: Identify key company personnel and related bios and experience. Identify roles of each individual as relevant to project implementation. This should include identification of management team responsible for construction, brokerage, and management.

Project Examples: Provide a list of representative projects completed by company. This should include specific reference to the roles played by the company in the development of the project, such as land acquisition, financing, development, and management.

Regional or National Prominence: Explain the ability of your company to provide financial, construction, and management services for a project in Custer County Montana.

Leased Properties: DNRC is proposing to enter into a 25-99 year lease with the successful proposer. The ability of DNRC to sale the land or exchange out of the land is not an option for a variety of political and legal reasons. Explain your experience in development of ground lease property and whether your firm would be capable and willing to enter into a long-term lease to develop and manage the property.

Development Goals: Provide additional detail on the company's development philosophies and expectations.

Community Relations: Explain the companies experience with local government review of projects, especially as it relates to zoning, subdivision review and extension of infrastructure.

2.4 Financial Ability

Describe the capabilities of the company to provide and/or obtain the funding necessary to initiate and complete a large-scale development on leased ground.

2.5 Construction and Operation

The purpose of this RFP is to identify, evaluate, and select a firm to develop one of two 15-20 acre lots in consideration of adjoining land uses. Site planning is a critical element of the selection process. Outlined below are various components to a site plan and related expectations. The proposer should try to incorporate or consider each of the respective components into a site plan. Copies of the site plan shall be at a minimum scale of 1 inch = 100 feet.

Site Plan Component	Comment
Roads	All costs to design and construct all roads to and within the lease area shall be the responsibility of the lessee. Grant monies may be available to off-set some of the construction costs of roads constructed outside of the lease lot.
Water (Domestic)	<p>-If DNRC chooses Lot 1 (as generally illustrated on Exhibit B) as the site for this lease, the lessee will be responsible for extending water along the entire frontage of the lease lot. The size and location of this water line will be determined by DNRC and the Water District and will be sized to serve additional development on the larger parcel. The lessee is responsible for all approvals and costs of extending water into the lease lot to serve its development.</p> <p>-If DNRC chooses Lot 2 (as generally on Exhibit B) as the site for this lease, the lessee will be responsible for extending water into the lease lot to serve its development and securing any associated approvals. The successful proposer may also be required to participate in the extension of water along the entire frontage of the lease lot, depending on the availability of grant monies to cover infrastructure installation.</p>
Sewer	<p>-If DNRC chooses Lot 1 (as generally illustrated on Exhibit B) as the site for this lease, the lessee will be responsible for extending sanitary sewer along the entire frontage of the lease lot. The size and location of this sewer line will be determined by DNRC and the Sewer District and will be sized to serve additional development on the larger parcel. The lessee is responsible for all approvals and costs of extending water into the lease lot to serve its development.</p> <p>-If DNRC chooses Lot 2 (as generally on Exhibit B) as the site for this lease, the lessee will be responsible for extending sanitary sewer into the lease lot to serve its development and securing any associated approvals. The successful proposer may also be required to participate in the extension of sanitary sewer along the entire frontage of the lease lot, depending on the availability of grant monies to cover infrastructure installation.</p>

Site Plan Component	Comment
Utilities	Extension of electricity, telephone, fiber, and natural gas will be responsibility of the lessee.
Uses	The proposer must prepare a site plan of the intended uses that depicts building locations, utility infrastructure, parking and circulation, landscaping and other appropriate site features.
Subdivision	The successful proposer is responsible for the development of roads and infrastructure immediately adjacent to the lease lot. Infrastructure will be sized to serve lots within the subdivision and roads will be constructed in accordance with county standards imposed in the subdivision review process.

2.6 Compensation Paid to State

The annual rental fee will be calculated as described in Section 3.6. Based on the lease rate schedule at the time of this writing, the minimum annual lease payment for the minimum acreage would be \$4,485 – (15 acres X \$5000/acre) (5.98%) = \$4,485.00.

Periodic adjustments to the annual lease payment will be necessary to account for changing land valuations and inflationary factors. The lease payment will be established by the base rate described in the previous paragraph, and the rate will escalate at 3 percent annually. Years 26, 51 and 76 of the lease will be new baselines calculated in the same way as the original base rate described in the previous paragraph.

2.7 Conflicts of Interest

Pursuant to Section 77-1-113, MCA, it is unlawful for members of the State Board of Land Commissioners and officers and employees of the DNRC to purchase or lease, directly or indirectly, any lands of the State. Applicants shall disclose whether such a member, officer or employee:

1. Has assisted the applicant as counsel, consultant, representative, or agent at any time; or
2. Has a financial interest in the proposed lease; or,
3. Has solicited or accepted employment with the applicant; or,
4. Has engaged in any financial transaction for private purposes with the applicant.

Failure to disclose any of the above-described facts where they have occurred shall result in cancellation of the lease awarded through this process.

CHAPTER 3 - DETAILS AND INSTRUCTIONS

3.1 Submission of Proposals

All interested firms must deliver a sealed copy of their Proposal (one original plus four copies), as detailed below in the application requirements, to DNRC at the following mailing address:

Jeff Bollman, AICP, Land Use Planner
DNRC Southern Land Office
1371 Rimtop Drive
Billings, MT 59105
(406) 247-4404

DNRC will maintain an official record of requester's names and addresses.

3.2 Deadline for Receipt

Proposals must be mailed or delivered so that they are received by the DNRC by the close of business at 5:00 p.m. on 12 May 2006 to be eligible for consideration. Regardless of cause, late proposals will not be accepted and will automatically be disqualified from further consideration. It shall be the offeror's sole risk to assure delivery at the receptionist's desk at the designated office by the designated time. Late proposals will not be opened and may be returned to the offeror at the expense of the offeror or destroyed if requested.

DNRC assumes no liability for incorrect addresses or failed delivery of proposal packages by public or private carriers. For expedited delivery, requesters should make arrangements with the project managers.

3.3 Funding of Proposal

It is the responsibility of the successful proposer to obtain financing for all costs associated with the preparation of the proposal. The proposer assumes the risk of loss in the submission of any proposal or its operation. DNRC is not liable for any costs or consequential damages incurred by proposers in proposal preparation, negotiations, or any other costs that may result from activities in connection with this RFP or submitted proposal.

3.4 Modification or Clarification the Proposal

All recipients of this RFP should review its contents, without delay, for defects and questionable matter. A recipient may make a **written** request for modification or clarification of the RFP. Requests should be submitted via email with “**Questions Related to the Pine Hills Armory RFP**” written in the subject line. Email questions to Jeff Bollman at jbollman@mt.gov no later than 3 May 2006 to ensure sufficient time for adjustments. At its option, DNRC will issue addenda to modify or clarify the RFP by 8 May 2006. DNRC will post the addenda at <http://dnrc.mt.gov/rfp>. Protests based upon omissions, error, or the contents of the RFP will be disallowed if the procedures outlined in this paragraph are not followed. No interpretation made to any proposer as to the meaning of the RFP shall be binding on DNRC unless repeated in writing and distributed as an addendum by DNRC

3.5 Application Requirements

All proposals must include:

1. One original narrative of the proposal containing the information requested in the Proposal Format (Chapter 2) portion of this RFP plus four copies of the complete proposal.
2. A non-refundable \$50.00 lease application fee.
3. A bid deposit in the amount of 10% of the (your) total estimated annual bid amount in the form of a cashier's check or money order, will be required. If the successful proposer refuses award of the lease, the bid deposit shall be forfeited. All unsuccessful proposer's bid deposits will be returned within 30 days of bid opening.

3.6 Minimum Annual Rental

The **minimum** annual rental fee is calculated by multiplying the appraised value of the property by a percentage rate determined as being 2 percentage points less than the rate established by the Montana Board of Investments for a 25-year annual commercial participation loan and the current rate can be found at: <http://www.investmentmt.com/ratewebdoc.htm>. The appraised value of the property is \$5,000/acre. The Board of Investments commercial loan rate at the time of this writing is 7.98%. The loan rate will be fixed based upon the date of proposal acceptance.

3.7 Confidentiality of Proposals

All proposals and material submitted become the property of DNRC, but may be returned to the applicant at the discretion of DNRC. Materials identified as trade secret information in the proposals shall remain confidential upon request from the applicant. Such request for confidentiality must be in writing and specify the trade secret information to be withheld and

why. Trade secret requests will be reviewed for applicability and approval by the Department's staff legal counsel. All information deemed not to be trade secrets and other information in proposals submitted in a timely fashion become public information at bid opening. See related information in Section 3.15.

3.8 The Lease Form & Term

Pursuant to Section 77-6-109, MCA, and Section 77-6-205, MCA, DNRC may issue a lease to the successful proposer for a term of up to 99 years. DNRC will draft the lease form to reflect the contents of the selected proposal. However, the lease will contain the entire agreement between the parties, and the RFP and/or accepted proposal shall not be deemed to be part of the agreement between the parties unless so designated in the lease. The lessee will have a reasonable period of time in which to accept the lease. Refer to Exhibit D for an example of a draft/template lease agreement.

3.9 Insurance and Indemnification

The successful lessee will be required to obtain general liability insurance which lists the lessee and the State as co-insured for all its activities upon the tract. DNRC reserves the right to stipulate coverage based upon the nature of the intended development. The lessee will be required to indemnify the State of Montana for all damages it incurs due to any actions of the Lessee.

The successful lessee will be required to obtain property insurance in an amount sufficient to repair or replace improvements to the parcel. Such certificates of insurance will be held by a Trustee of Insurance to guarantee that the proceeds of such policies are allocated for their intended purposes.

3.10 Special Lease Conditions

DNRC reserves the right to impose special lease conditions and modify the standard terms recited in the lease agreement as deemed necessary by DNRC to implement the selected proposal and in order to protect the interests of the state. DNRC will also require the lessee to provide a nonrefundable security deposit to be held in an interest bearing account by DNRC for purposes of securing obligations under the terms of the lease. Offerors should notify the DNRC of any terms within the sample lease (Exhibit D) that either preclude them from responding to the RFP or add unnecessary cost. This notification must be made by the deadline for receipt of written inquiries.

3.11 Lease Limitations

Leasing of the land will be subject to the additional following provisions:

1. Use of the property shall not reduce the value of the tract/lot.
2. The property shall not be used for the storage or disposal of any toxic, hazardous or deleterious substances.
3. Minimum net bid for the land "as-is". Developer/lessee is responsible for all development costs and broker fees as described in this section.
4. The lessee is solely responsible for all costs to be incurred in the design, development, construction, operation and maintenance of all improvements upon and for their use of the tract. The State will not be held liable for any costs incurred by the lessee or any applicant in the preparation of any proposal, negotiation for lease, or procurement for financing of any portion of the Proposal or lease.
5. The lessee is responsible for obtaining all necessary licenses or permits required by any governmental authority throughout the leasing period. Copies of such permits will be sent to the DNRC.
6. DNRC is required by the Montana Environmental Policy Act to evaluate the impacts the proposed lease may have on the human environment. DNRC will conduct an environmental review, expected to be in the form of an environmental check list or Environmental Assessment (EA), with tiering to the completed environmental impact statement. Should it be determined that additional studies/investigations are necessary to fully anticipate the impacts of the proposed lease, the proposer will be directly responsible for those related expenses. The findings and mitigation measures contained within that MEPA document may result in modification of or disapproval of the selected proposal.
7. The Department reserves the right to waive technical defects in this RFP.
8. DNRC reserves the right to request additional information and data from the proposer to ascertain proposer's capabilities and desire to develop the property.
9. The lessee is responsible for paying all personal and real property taxes associated with the lease area.
10. Any proposal not meeting these Lease Proposal limitations, or other criteria set out in this offering, may be rejected in the discretion of the Department. The Department further reserves the right to reject any application, proposal, or bid determined by the Department to be contrary to the best interests of the State.

3.12 Rights Reserved

While the DNRC has every intention to award a contract as a result of this RFP, issuance of the RFP in no way constitutes a commitment by the State of Montana to award a contract. Upon a determination such actions would be in its best interests, the DNRC in its sole discretion reserves the right to:

- (a) waive any formality;

- (b) cancel or terminate this RFP;
- (c) reject any or all proposals received in response to this document;
- (d) waive any undesirable, inconsequential, or inconsistent provisions of this document, which would not have significant impact on any proposal;
- (e) not award, or if awarded, terminate any contract if the DNRC determines adequate state funds are not available.

3.13 Evaluation Committee

All proposals received will be reviewed and evaluated by a committee appointed by DNRC within 30 days of 12 May 2006. Selection and award will be based on the offeror's proposal. Responses must be complete and address all the criteria listed. Information or materials presented by offerors outside the formal response will not be considered and will have no bearing on any award. Submitted proposals must be complete at the time of submission and may not include references to information located elsewhere, such as Internet websites or libraries, unless specifically requested in the state's RFP document.

3.14 Award

Award will be made to the proposal offered by a responsive and responsible offeror which is determined to best meet the evaluation criteria and is therefore the one most advantageous to the State.

3.15 Claims to Keep Information Confidential

- (1) All information received in response to this RFP will be available for public inspection except for:
 - (a) trade secrets meeting the requirements of the Uniform Trade Secrets Act, Title 30, chapter 14, part 4, MCA;
 - (b) matters involving individual safety as determined by the department;
 - (c) financial information requested by the department to establish offeror responsibility unless prior written consent has been given by the offeror, as set out in section 18-4-308, MCA; and
 - (d) other constitutional protections.
- (2) In order for an offeror to request that material be kept confidential as permitted in (1) (a) through (d), the following conditions must be met:
 - (a) Confidential information must be clearly marked and separated from the rest of the proposal.
 - (b) The proposal may not contain confidential material in the cost or price.

- (c) An affidavit from an offeror's legal counsel attesting to and explaining the validity of the trade secret claim as set out in Title 30, chapter 14, part 4, MCA, must be attached to each proposal containing trade secrets. Counsel must use the State of Montana "Affidavit for Trade Secret Confidentiality" in requesting the trade secret claim. This affidavit form is available at the State Procurement Bureau's website: www.state.mt.us/doa/ppd/tradesecc.pdf or by calling (406) 444-2575.
 - (d) Offerors must be prepared to pay all legal costs and fees associated with defending a claim for confidentiality in the event of a "right to know" (open records) request from another party.
- (3) Documents not meeting all of the requirements of (1) and (2) will be available for public inspection, including copyrighted material.

3.16 Additional Information

Additional information can be obtained from the Project Manager. Please direct your requests to:

Jeff Bollman, Project Manager
DNRC Southern Land Office
1371 Rimtop Drive
Billings, MT 59105
Telephone: 406.247.4404
FAX: 406.247.4410
Email: jbollman@mt.gov

PROPOSER ORAL PRESENTATION: Proposers selected for final evaluation may be required to make an oral presentation of their proposal at the Eastern Land Office of the DNRC. Such presentations provide an opportunity for the Proposer to clarify their proposal to ensure mutual understanding. Refer to Exhibit B for information related to the scoring of the oral presentation. DNRC will schedule the time and location for these presentations.

Exhibit A. Vicinity Map



Prepared By:
Jason C. Rowder
April 14, 2006

**Dept. of Corrections
Pine Hills Land Sale
Proposal**

 Pine Hills Trust Land
 DOC Non-Trust State Land

Scale:
4"=1 Mile



Exhibit B. Conceptual Lot Layout

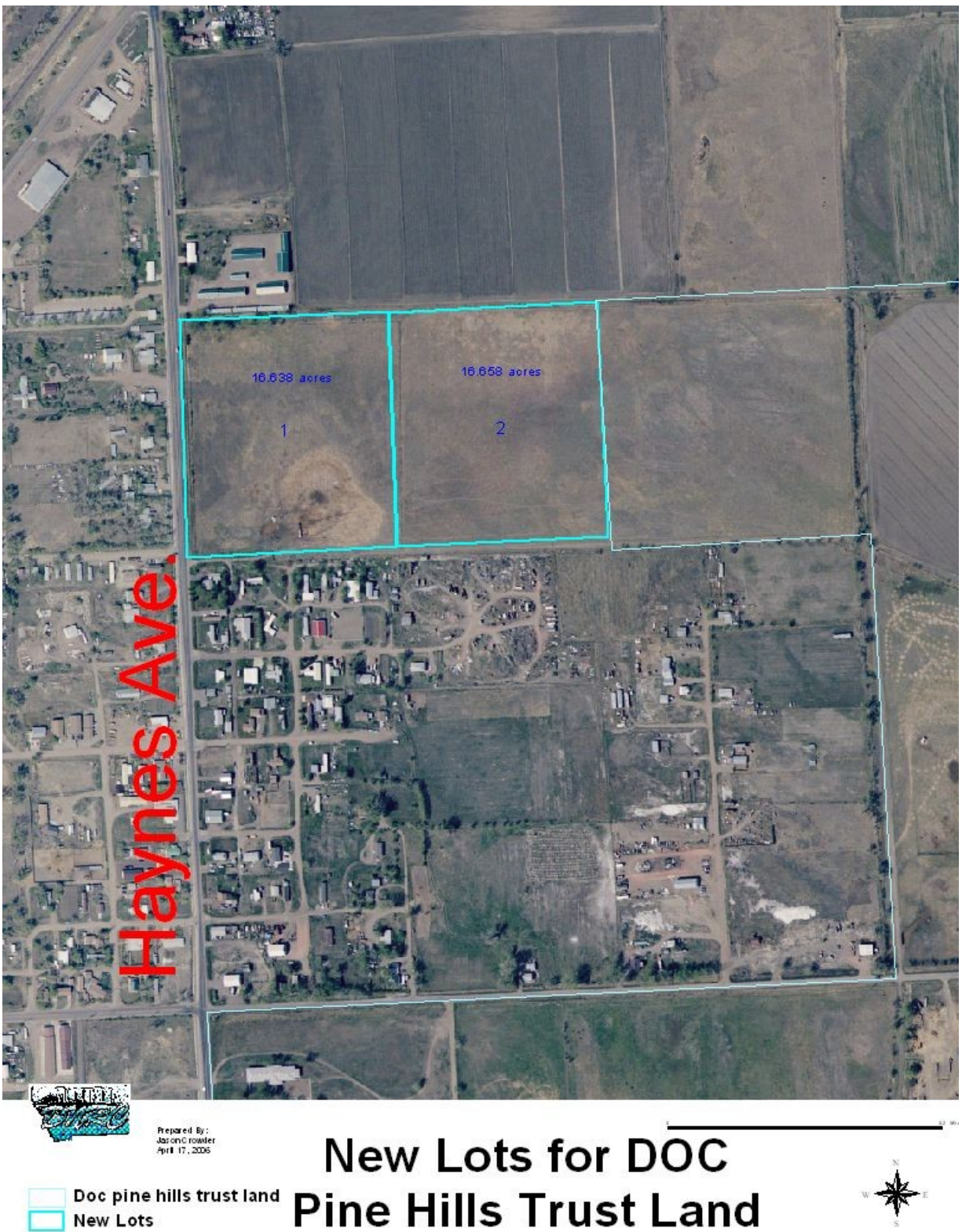


Exhibit C. Scoring Criteria and Points

Evaluation Criteria		Maximum Score
Transmittal Letter		
	<i>Section 2.1 –Six listed items required</i>	Must be Complete
Statement of Intent and Need		
	<i>Section 2.2</i>	75 points
Statement of Qualifications, Training, Experience and Education		
	<i>Section 2.3</i>	100 points
Financial Ability		
	<i>Section 2.4</i>	75 points
Construction and Operation		
	<i>Section 2.5</i>	150 points
Compensation Paid to the State		
	<i>Section 2.6</i>	50 points
Conflict of Interest		
	<i>Section 2.7</i>	50 points